

of its benefits and burdens and should affirmatively set out the risks included. I am persuaded also that teachers, so long as they are employed by the State, should be treated as all other State employees and included in the protection of Workmen's Compensation Act and I so recommend.

Many employers in this State, by reason of the attitude of the insurance companies carrying compensation coverage, have found it difficult and sometimes impossible to insure their risks as required by the compensation law. Insurance companies engaged in this business in this State can and should be required by law to cover all insurable risks offered to them. Penalties should be imposed upon employers who consistently refuse to observe reasonable regulations for the safety of employees.

Compensation insurance rates have been from time to time steadily advanced in this State especially as against the smaller employers of the State. With the enactment of legislation above suggested it may become necessary to put into effect some system of State insurance in order to provide the necessary coverage at fair rates. The subject of a State Insurance Fund is one which deserves the careful thought of the General Assembly as a measure to be put into effect in an emergency arising from failure or refusal of insurance companies to cover completely risks offered them in North Carolina at fair and reasonable rates.

Charities and Welfare

Permit me also to bring to your attention and commend for your careful consideration the report of the State Board of Charities and Public Welfare and the specific recommendation therein set out. You may not find it possible to provide for each and all of these recommendations, though their worthiness is apparent, but I bespeak for the general program the utmost possible of your consideration.

Employment Activity

The unemployment situation continues to vex the State and the Nation. If the present Federal Re-employment service is to be continued beyond June 30, 1935, it must be supplemented by the State. It is folly for us to fail to make certain and have always available accurate information on the subject of unemployment, particularly if we are to adopt, as I trust we will, the policy of unemployment insurance. I commend for your consideration the recommendations of our Labor Department for the establishment and maintenance of a National Employment service on a Federal State coöperative basis. I also particularly commend and urge your careful consideration and approval of its suggestion as to provisions of legal machinery in the State for the adjustment of labor and industrial disputes.

Other Legislation

There are other subjects now being studied by Federal agencies and on which legislation may be advisable in order that North Carolina may fully participate in the new National Recovery Program. I shall not hesitate to communicate my views with reference to these subjects or Federal proposals as occasion develops or to submit appropriate suggestions for your consideration.

Veterans' Loan Fund

The Veterans' Loans Fund, authorized and financed by previous legislation, has felt, as other activities, the heavy hand of the depression. Foreclosures made neces-